

INCREASE IN PUBLIC DEBT LIMIT

(Scheduled for public hearing by the Subcommittee
on Taxation and Debt Management of the Committee on
Finance, April 12, 1984)

Present Law

The permanent limit on the public debt is \$1,490 billion.
This limit was enacted on November 21, 1983.

Current Situation

At the close of business on April 6, 1984, the outstanding public debt subject to the limit was \$1,489.1 billion; however, on April 4, the outstanding public debt was \$1,489,989 million, only \$11 million below the statutory limit.

The outstanding public debt increased from \$1,464.5 billion on Friday, March 30, 1984, to \$1,489.8 billion on Monday, April 2, 1984. Of this increase, approximately \$18 billion consisted of a loan to the OASDI trust fund which is to be repaid during the month from trust fund receipts. This loan is required at the start of each month under the provisions of the Social Security Amendments of 1983.

The Treasury operating cash balance has fluctuated between \$6.7 and \$14.2 billion so far during April. Treasury's preferred operating cash balance level is \$20 billion.

Administration Estimate

In the revised budget estimates for fiscal year 1985 transmitted to Congress on April 10, 1984, the Administration estimated that it would require an increase in the statutory debt limit to \$1,584 billion through the remainder of fiscal year 1984 and an additional \$240 billion increase to \$1,824 billion through fiscal year 1985. These estimates assume unified budget deficits of \$193 and \$194 billion in fiscal year 1984 and 1985, respectively, and off-budget agency deficits of about \$15 billion in each year. In addition, the estimates assume a \$20 billion operating cash balance. Treasury usually requests an additional \$5 billion allowance for contingencies, which would raise the debt limit requests to \$1,589 and \$1,829 billion, respectively.

